

Hearing Date: February 21, 2008  
Hearing Time: 10:00 a.m. (prevailing Eastern time)

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- and -

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Attorneys for Delphi Corporation, et al.,  
Debtors and Debtors-in-Possession

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X  
In re : Chapter 11  
:   
DELPHI CORPORATION, et al., : Case No. 05-44481 (RDD)  
:   
Debtors. : (Jointly Administered)  
----- X

DECLARATION OF GREG CONLEY IN SUPPORT OF DEBTORS' OBJECTION TO  
SUPPLEMENTAL MOTION OF AUTOMODULAR ASSEMBLIES INC., TEC-MAR DISTRIBUTION  
SERVICES, INC., AND AUTOMODULAR ASSEMBLIES (OHIO) INC. TO COMPEL ASSUMPTION  
OR REJECTION OF EXECUTORY CONTRACTS AND ALLOW AND  
DIRECT PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM

("DECLARATION OF GREG CONLEY")

Greg Conley declares as follows:

1. Delphi Corporation and certain of its subsidiaries and affiliates are debtors and debtors-in-possession in these chapter 11 cases. I submit this declaration in support of the Debtors' Objection To Supplement In Support Of Motion Of Automodular Assemblies Inc., Tec-Mar Distribution Services, Inc. And Automodular Assemblies (Ohio) Inc. (collectively, "Automodular") To Compel Assumption Or Rejection Of Executory Contracts And Allow And Direct Payment Of Administrative Expense Claim (the "Supplemental Motion"). Capitalized terms not otherwise defined in this declaration have the meanings ascribed to them in the Debtors' Objection To Motion Of Automodular Assemblies Inc., Tec-Mar Distribution Services, Inc. And Automodular Assemblies (Ohio) Inc. To Compel Assumption Or Rejection Of Executory Contracts And Allow And Direct Payment Of Administrative Expense Claim.

2. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, my opinion, and my experience with and knowledge of Delphi Automotive Systems LLC's ("DAS LLC") relationship with Automodular. If I were called upon to testify, I could and would testify to the facts set forth herein.

3. I have worked for DAS LLC, or its predecessor GM Corporation ("GM"), in various capacities since 1985. From 1985 to 1992, I served in various manufacturing engineering roles, responsible for the design and build of equipment used to manufacture heat exchangers for automobiles. From 1992 to 2003 I served in various product engineering roles including a managerial position responsible for validating and releasing new product designs for the DAS LLC's Thermal Systems division ("Delphi Thermal Systems"). From 2003 through 2007, I served as the Value Steam Extension Manager for Delphi Thermal Systems. In that capacity, I oversaw the continuous improvement activities of five CRFM Assembly suppliers. These activities focused

on implementing customer requested design changes, quality improvements, and cost reduction initiatives. I work with approximately 15 suppliers to ensure that the quality and efficiency of their work meets Delphi Thermal Systems' needs and expectations. From 2007 to the present, I have served as the Value Stream Leader for power train cooling (PTC) truck vehicle segment. My responsibilities involve the management of a condenser and radiator segment containing 190 hourly employees and nine salaried employees

4. I have been responsible for maintaining the day-to-day relationship with suppliers such as Automodular. Part of those responsibilities includes addressing quality or production issues that may arise. In that capacity, I supervise the engineers who assess the quality of products received from Automodular and other suppliers and help to correct problems that may arise. I also lead Delphi Thermal Systems' efforts to work with certain suppliers, including Automodular, to streamline the production process to maintain or reduce costs. I also work with Delphi Thermal Systems' buyers to ensure that any questions regarding necessary adjustments or debits to purchase orders are promptly and accurately answered.

5. Automodular assembles several different configurations of condenser radiator fan modules ("CRFMs") for Delphi Thermal Systems, generally using parts that Delphi Thermal Systems purchases itself and delivers to Automodular as bailee. DAS LLC ultimately sells the CRFMs to GM. Delphi Thermal Systems and Automodular operate under requirements contracts with fixed pricing. Automodular has suggested that we should renegotiate our contracts to transform them into contracts providing for a mix of fixed and variable pricing components, but Delphi Thermal Systems has not agreed to those changes. (See C. Dell 9/12/2006 e-mail and attachments, a copy of which is attached hereto as Exhibit A.)

6. GM occasionally changes the specifications for one or all of the CRFMs.

When GM changed the design for the CRFMs, Delphi Thermal Systems issued a Design Record Change Notice to all affected suppliers and assemblers to provide such affected suppliers with an opportunity to request a price adjustment, if appropriate, based on the change. These types of design changes are often considered changes in scope under Delphi's General Terms and Conditions if they require a supplier to provide additional services. I have worked closely with Delphi Thermal Systems' buyer and with Automodular when Design Record Change Notices have been issued that require adjustments to Automodular's assembly process. Delphi Thermal Systems' buyer issues the Design Record Change Notice, and I work with Automodular to make sure the change is implemented and to eliminate or minimize any costs involved with the changes.

7. Delphi Thermal Systems does not issue Design Record Change Notices for reductions in volume, because changes in volume are not considered scope changes under Delphi's General Terms and Conditions. Nor, to my knowledge, has GM ever issued to Delphi Thermal Systems a Design Record Change Notice based on a reduction in volume.<sup>1</sup> Because the volume requirements of Delphi Thermal Systems' customers are constantly changing, we enter into requirements contracts with our suppliers and assemblers. These requirements may be above or below any previous forecasts. Just as Delphi Thermal Systems is required under a standard requirements contract to accommodate the volume reductions of GM and its other customers without price adjustments, Delphi Thermal Systems' suppliers are required under their requirements contracts to accommodate volume reductions without price adjustments. Automodular is no exception in this regard. As GM's requirements for CRFMs fluctuate, Delphi

<sup>1</sup> To my knowledge, and those that I work with, GM does not use a form titled "Scope Change Form" with Delphi Thermal Systems.

and Automodular must accommodate those variations in accordance with our respective requirements contracts.

8. Change In Volume. In the summer of 2006, Automodular requested from Delphi Thermal Systems a per-piece price adjustment based on a reduction in the number of assemblies it was performing. Based on GM's reduction in vehicle output and shift from three shifts to two shifts, GM's requirements (and thus DAS LLC's requirements) fell for the services provided by Automodular under the Lordstown Contract. As a result, Automodular switched its assembly of CRFMs under the Lordstown contracts from three shifts to two shifts to match GM.

9. Based on the change in production volume, Automodular presented to Delphi Thermal Systems an amended per-piece price. The Purchasing Department declined to grant a price adjustment.

10. Delphi Thermal Systems runs its business so as to maintain friendly relationships with its suppliers. Therefore, although not required to do so by the contracts, as a courtesy, I explained to Automodular that if it would provide me with documentation sufficient to support the increased costs they claimed in connection with the July 2006 price increase request, I would present its request to GM in an effort to obtain pricing relief that Delphi Thermal Systems would pass through to Automodular. (See G. Conley 9/18/2006 e-mail, a copy of which is attached hereto as Exhibit B.) My staff even suggested to the Delphi Thermal Systems buyer that he talk to Delphi Thermal Systems' sales personnel who have the closest relationship with GM to find out informally if GM would be willing to make any price adjustments with respect to the CRFMs. The buyer passed this inquiry onto the Delphi Thermal Systems sales person who deals with GM on this contract. (See D. McLean 7/1/2007 e-mail, a copy of which is attached hereto as Exhibit C.) To my knowledge, GM never authorized the price increase.

11. Termination Costs. In a related claim, Automodular asserts that it is entitled to costs based on the termination of a particular vehicle model for which it was assembling parts for Delphi Thermal Systems. Although the volume of CRFMs that Delphi Thermal Systems declined after the GMX 231 went out of production, we still ordered CRFMs under each of our purchase orders for use both in other vehicle models and as replacement parts in the GMX 231. As explained above, our contracts with Automodular are requirements contracts that contemplate volumes changing without triggering a claim for damages. In addition, the GMX 231 model (the Chevrolet Monte Carlo) was always slated to go out of production by 2007, and thus Automodular had no basis to believe that the Monte Carlo would have remained in production past 2007. Furthermore, it is commonplace in the auto industry that the projected life of a particular vehicle model is subject to change based on the public's demand for that particular vehicle. Consequently, the original equipment manufacturer always reserves the right, and often exercises it, to shorten or extend the projected life of a model based on public demand.

12. Automodular's Secondary Claims. Automodular also asserts several secondary claims relating to various other smaller amounts and adjustments that it believes are required. Delphi Thermal Systems has reviewed each of the claims, as described below.

13. Debit Memo. Automodular has also asserted that the Debtors were not authorized to issue a debit memo and adjust the price when they learned from Automodular that Automodular had been overcharging for grease. The grease overcharge was discovered when I was meeting with representatives of Automodular to review Automodular's contracts. Delphi Thermal Systems had agreed with Automodular in 2004 to grant a price increase for grease for a limited duration. The price increase was not rolled back when it was supposed to be, so Chris Dell of Automodular and I discovered in October 2005 that Automodular was overcharging for grease

by Redacted per piece. After our meeting, Chris Dell e-mailed us a series of spreadsheets reflecting the inaccuracies that were discovered at our meetings. (See C. Dell 10/5/2006 e-mail and attachments, copies of which are attached hereto as Exhibit D.) Automodular's spreadsheets reflected overcharges, primarily for the grease, totaling \$76,127.00 in 2005 and \$107,804.00 for 2006. These figures from Automodular total the \$183,931.00 for which Delphi Thermal Systems issued the debit memo. As a matter of courtesy, when I discover that there has been an overcharge, as occurred here, I work with the Delphi Thermal Systems buyer to rectify the situation. This entails reconciling with the supplier and, ultimately, issuing a debit memo pursuant to the terms of the General Terms and Conditions. Automodular responded to the debit memo saying that Delphi Thermal Systems was not authorized to take the debit without also adjusting our prices based on reductions in the volume of goods required (See C. Dell 10/30/2006 e-mail, a copy of which is attached hereto as Exhibit E.)

14. Currency Exchange. The Long Term Contract governing the work done at the Ontario facility provides that prices will be adjusted quarterly to account for the current exchange rate from Canadian to U.S. Dollars. The Delphi Thermal Systems buyer has issued new purchase orders to account for the currency exchange adjustments, but Automodular has rejected these purchase orders because they did not match Automodular's calculations. (See J. Anthony 1/7/2008 e-mail and attachments, a copy of which is attached hereto as Exhibit F.) I have tried to help the buyer determine where the discrepancies lie between Automodular's calculations and Delphi Thermal Systems' calculations of the currency exchange adjustment. Delphi Thermal Systems is using the formula agreed upon with Automodular which deducts the cost of raw materials and then multiplies the remaining per-piece cost of Automodular's services by a ratio of the old exchange rate over the new exchange rate. In examining the figures, I have determined that

Automodular has been calculating its price to include the adjustments, including those relating to volume reductions, that Automodular has demanded but are not called for under the contracts.

(See paragraphs 8-10, 13 above.) Automodular's price calculation includes several price adjustments based on changes in volume and a price adjustment of <sup>Redacted</sup> for the foam pad. (See J. Anthony 1/3/2008 letter and attachments, copies of which are attached hereto as Exhibit G.)

Automodular also appears to be including the overcharge for the grease when it determines the cost of materials that must be subtracted before applying the new exchange rate. (See J. Anthony 2/4/2008 e-mail and attachments, copies of which are attached hereto as Exhibit H.) Delphi Thermal Systems has attempted to make the adjustments called for under the Long Term Contract, but we must make the calculation using the prices agreed to in the purchase orders and the accurate cost of materials.

15. Foam Pad Installation. In approximately September 2006, GM notified Delphi Thermal Systems that it would require the addition of a foam pad to the CRFM assemblies. The Delphi Thermal Systems buyer sent Automodular a Design Record Change Notice to implement this change. Automodular has asserted <sup>Redacted</sup> per piece for the addition of a foam pad to the CRFMs (for an aggregate charge of <sup>Redacted</sup>). Delphi Thermal Systems acknowledges that adding this part to the assembly process constitutes change in scope under paragraph 3 of the General Terms and Conditions because it changes the specifications of the assemblies. Delphi Thermal Systems is willing to consider a request for a price adjustment from Automodular on this basis. Before providing a price adjustment, the Long Term Contract requires suppliers to work with Delphi Thermal Systems to try to reduce costs to offset any increases. I worked with representatives of Automodular to streamline production so that the addition of the foam pad does not require any additional labor.

16. Delphi Thermal Systems intended to incorporate the foam pad into the production process earlier than it actually did, so we solicited quotes from Automodular in late 2005 for this work. At that time, Automodular quoted <sup>Redacte</sup> per piece and noted that it required additional labor per day to complete the work. (See December 8, 2005 Mallari letter, a copy of which is attached hereto as Exhibit I.) Especially in light of the fact that we have now successfully eliminated the need for additional labor, Automodular has not provided support to justify more than doubling its quote for the foam pad addition.

17. Screws and other charges. Finally, Automodular seeks \$10,630.00 for the increased cost of certain screws that Automodular uses in the production of CRFMs. When Delphi Thermal Systems receives requests for adjustments of materials costs, it is our practice to assist our supplier to contact its sub-supplier of the particular part and attempt to negotiate with the sub-supplier to keep Delphi's prices fixed, whether the part is ordered by Delphi directly or by a supplier on behalf of Delphi. Here, the sub-supplier did not increase the price for Delphi, and so Delphi Thermal Systems did not grant the price increase to Automodular. I had not learned of Automodular's other claims for short charges on invoices until reading it in the Supplemental Motion, and based on the information contained in the Supplemental Motion, I cannot determine what that claim relates to.

18. Label and clip. At the time that Chris Dell and I discovered the overcharge for the grease, we also determined that Automodular had incorporated a clip and label into certain of the parts it assembled, and this was not reflected on Delphi Thermal Systems' purchase orders. We adjusted the price on the purchase orders as of October 1, 2006 to account for the grease overcharge and the price increase due to the clip and label. (See copies of purchase orders attached hereto as Exhibit J, reflecting a price adjustment on October 1, 2006.) Based on the information

Feb 14 08 07:32p

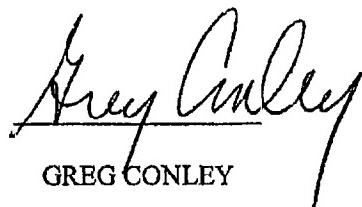
p. 1

discovered at my meeting with Chris Dell, the Delphi Thermal Systems buyer sent an email to Chris Dell at Automodular explaining how Delphi Thermal Systems had used data from Automodular to calculate the price adjustment and debit memo due to the label and clip addition and the grease overcharge. (See D. McLean 10/30/2006 e-mail, a copy of which is attached hereto as Exhibit K.) I recently learned that the price of the clip and label was actually added in to the cost of assemblies that do not contain the clip and label. I believe, therefore, that Delphi Thermal Systems has been overpaying Automodular for the clip and label and therefore not only does not owe money to Automodular but is entitled to a debit on this basis.

19. I and others at Delphi Thermal Systems have gone to great lengths to negotiate with Automodular and find mutually beneficial solutions to Automodular's requests for price adjustments within the confines of our contracts. We requested supporting documentation from Automodular to try to understand its claims. Wherever possible, we have accommodated Automodular's requests.

I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing statements are true and correct.

Executed on February 14, 2008 in Lockport, New York.



The image shows a handwritten signature in black ink, appearing to read "Greg Conley". Below the signature, the name "GREG CONLEY" is printed in a smaller, sans-serif font.

## EXHIBIT A

REDACTED

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**From:** Chris Dell [mailto:C.Dell@automodular.net]  
**Sent:** Tuesday, September 12, 2006 9:08 AM  
**To:** Vandermeer, William C  
**Cc:** j.gazo@automodular.com; Chris Nutt; m.blair@automodular.com; McLean, Douglas L.; Marshall McMaster; Matt Futkos  
**Subject:** CRFM Contracts

Bill,

As per our conversation yesterday, the attached files are in support of the exchange and derate adjustments for Oshawa CRFM contract and third shift removal for Lordstown CRFM contract.

As previously mentioned, we need to resolve these adjustments prior to accepting any further changes to our contracts. It should be noted that GM has recognized derate and third shift removal as scope changes.

Shortfalls in daily volumes and down weeks have already been consumed by our operation. Derate and third shift removal is considered a change to the scope of work and we require our contracts to be adjusted accordingly. These adjustments are required to sustain an economically viable operation. Our management will not operate a contract at a loss.

Another consideration is to transfer the variable contract into a fixed/variable contract. We have several of these contracts with GM and it would be advantageous for both parties to entertain this. I understand that Delphi's payment system could pose a problem in implementing such a contract.

I appreciate your help in resolving these issues. Let me know what further assistance you need from me.

Sincerely,

Christopher Dell  
Business Development Manager  
Automodular Corporation  
(905) 665-0060 (x102)  
(905) 391-0077 (Cell)  
(905) 665-8560 (Fax)

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Note: If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribu

or copying of this communication is strictly prohibited. If you have received this communication in error please notify us immediately by replying to the message and deleting it from your computer. Thank you.

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## AUTOMODULAR CORPORATION

July 19, 2006

Doug McLean  
Senior Buyer  
Delphi Global Supply Management  
716-439-2480  
[douglas.l.mclean@delphi.com](mailto:douglas.l.mclean@delphi.com)

### **RE: GMX001 Delphi CRFM Two-Shift Contract**

Dear Doug,

We appreciate the opportunity to quote your requirement for a two-shift operation for service into GM Lordstown assembly plant. The pricing is outlined in the attached cost breakdown by part number. (File name: 2006-07-17 GMX001 Delphi Two-Shift Cost Breakdown – Automodular.xls)

#### **Quotation Terms & Conditions:**

- Variable costs will be paid on units produced.
- Pricing is in US\$.
- Contract is effective July 1, 2006 to December 31, 2007.
- Payment terms of 2<sup>nd</sup> day 2<sup>nd</sup> month.
- Pricing based on a two-shift, eight hour per shift operation.
- Pricing based on 63 net jobs per hour.
- Changes to number of shifts, hours per shift and net jobs per hour will be treated as a scope change and pricing will be adjusted accordingly.
- Pricing based on straight time volume of 1,008 vehicles per day and 236,880 vehicles per year.
- Transportation cost from our facility to GM is not included.
- All scope changes will be done at the rates provided in the attached cost breakdown. If any capital investment is required, it will be handled as a scope change and either paid for by Delphi upfront or the contract pricing will be adjusted accordingly.

- We reserve the right of setoff or recoupment against any amounts owing to Delphi and its affiliates or subsidiaries.
- Special services such as repair, rework, containment, etc will be billed accordingly. These rates are established at the start of each calendar year.

We would request that you confirm acceptance of this pricing and quotation terms & conditions no later than July 31, 2006.

Regards,

Christopher Dell  
Business Development Manager  
905-665-0060 x102  
905-391-0077 Cell  
905-665-8560 Fax

CC: Michael Blair, Christopher Nutt, JP Kelly

DELPHI AUTOMOTIVE SYSTEMS  
DELPHI GLOBAL PURCHASING  
PRICE BREAKDOWN WORKSHEET

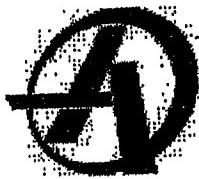
Redacted

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DELPHI GLO  
PURCHASING  
PIECE PRICE BREAKDOWN WORKSHEET

Redacted

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## AUTOMODULAR CORPORATION

August 16, 2006

Doug McLean  
Senior Buyer  
Delphi Global Supply Management  
716-439-2480  
[douglas.l.mclean@delphi.com](mailto:douglas.l.mclean@delphi.com)

RE: GMX211/231/365/367 CRFM De-Rate Scope Change & Exchange Adjustment

Dear Doug:

Please find below the updated table outlining the purchase orders and part numbers along with the required pricing at the specific dates for each of the adjustments noted in our letter dated June 12<sup>th</sup>, 2006, and the July 1<sup>st</sup> currency adjustment.

Purchase Order #	Part #	Starting Price	New Price Oshawa #2 De-rate 63.25 net jobs per hour	New Price Exchange Rate @ 1.168	New Price Oshawa #2 De-rate 55 net jobs per hour	New Price Oshawa #1 De-rate 61.5 net jobs per hour	New Price Exchange Rate @ 1.118
550059352	52406053						
550060368	52406299						
550072058	52445908						
550074793	52410855						
550078476	52415724						
550078478	52415725						
550078479	52415727						
550078480	52445588						
550078481	52445589						

Redacted

Redacted

Redacted

Give me a call if you have any questions. Please fax a copy of the adjusted purchase orders to  
905-665-8560 and/or e-mail a copy to [j.anthony@automodular.net](mailto:j.anthony@automodular.net)

Regards,

Jessica Anthony  
Business Development – Contract Administrator  
905-665-0060 x155  
905-213-9718 Cell

CC: Michael Blair, Jim Gazo, Christopher Nutt, Marshall McMaster

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20 TORONTO STREET SUITE 420 TORONTO ONTARIO M5C 2P8  
PHONE: 416 861 0662 FAX: 416 861 0063  
[WWW.AUTOMODULAR.COM](http://WWW.AUTOMODULAR.COM)



## EXHIBIT B

REDACTED

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**From:** Chris Dell [mailto:C.Dell@automodular.net]  
**Sent:** Wednesday, October 04, 2006 8:36 AM  
**To:** Vandermeer, William C; Conley, Greg R.  
**Cc:** Macartney, Robert M; Evans, Ronald C; Jim Gazo (E-mail); Marshall McMaster; Steve Dallison; McLean, Douglas L.; Mark Pearce  
**Subject:** RE: CRFM Contracts

Bill/Greg,

See the attached files for review today at 10AM. You can call me directly on my cell 905-391-0077.

Chris

---

**From:** Vandermeer, William C [mailto:William.C.Vandermeer@delphi.com]  
**Sent:** Thu 9/28/2006 1:08 PM  
**To:** Chris Dell; Conley, Greg R.  
**Cc:** Macartney, Robert M; Evans, Ronald C; Jim Gazo (E-mail); Marshall McMaster; Steve Dallison; McLean, Douglas L.; Mark Pearce  
**Subject:** RE: CRFM Contracts

Chris:

I have reviewed the attached worksheets.

The first file CRFM RAD Plant 1 73 JPH Crew 4 Last revised May 5, 2006 have the following errors.

- 1.) Rad Load worksheet includes install of frame clip and a TOC clip neither one are part of the Plant 1 CRFM assemblies. This drops utilization from ..... Redacted
- 2.) The Rad Load Element sheet does not match the worksheet, and it too also contains the Frame Clip and TOC clip, and it has a Shroud Load element that is a duplicate of what is on the shroud load sheet. Also, the Condenser sub-assembly of the bracket are on the sheet, and should not be.
- 3.) The Shroud Load Element sheet has the operations to Install a heat shield with 3 push pins on the shroud. The Heat Shield was eliminated at least two years ago. Also, the unload radiator assembly to conveyor is on this sheet twice. You can only unload the radiator onto the conveyor once. Removing these two mistakes reduces the std. time from 0.62 to 0.40, but this does not match the Shroud Load Worksheet.
- 4.) The Final Assembly / Offload Worksheet does not match the Element Sheet, and the element sheet has the element to install two top seals, when the top seals have been eliminated.

The second file CRFM RAD Plant 2 58 JPH Crew 3 Last revised September 6, 2006 have the following errors.

- 1.) The Rad & Shroud Load Element Sheet a.) has a install bracket clip that Plant 2 does not install; b.) a sub-assembly of the Condenser with brackets that is done on the Final assembly; and c.) the same two mistakes that are on the Plant 1 sheets - install heat shield with 3 push pins, and twice having the unload radiator assembly onto conveyor elements. Both should be removed.

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2.) The Final Assembly / Offload sheet has installing the holding bracket listed twice. There is only one holding bracket.

I would like to meet with your Industrial Engineer to help straighten this out and answer any questions. I want these sheets to be perfectly clear to anyone who knows the CRFM assembly whether they are from Delphi or Automodular.

Please do not hesitate to call.

Thank-you

Bill Vandermeer  
Delphi Thermal Systems  
716-439-3151

-----Original Message-----

**From:** Chris Dell [mailto:C.Dell@automodular.net]  
**Sent:** Monday, September 25, 2006 7:52 AM  
**To:** Conley, Greg R.; Vandermeer, William C  
**Cc:** Macartney, Robert M; Evans, Ronald C; Jim Gazo (E-mail); Marshall McMaster; Steve Dallison; McLean, Douglas L.; Mark Pearce  
**Subject:** RE: CRFM Contracts

Greg/Bill,

Also for review are the attached files for the current process.

Chris

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**From:** Chris Dell  
**Sent:** Mon 9/25/2006 7:28 AM  
**To:** Conley, Greg R.; Vandermeer, William C  
**Cc:** Macartney, Robert M; Evans, Ronald C; Jim Gazo (E-mail); Marshall McMaster; Steve Dallison; McLean, Douglas L.; Mark Pearce  
**Subject:** RE: CRFM Contracts

Greg/Bill,

As per your request, please see the attached files.

- 1) The CIP activity that took place in 2005 in support of the LTA
- 2) Review of the costs of the current purchased parts

Let me know when you are available to review.

Chris

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**From:** Conley, Greg R. [mailto:Gregory.R.Conley@delphi.com]  
**Sent:** Mon 9/18/2006 4:25 PM  
**To:** Vandermeer, William C; Chris Dell  
**Cc:** Macartney, Robert M; Evans, Ronald C; Jim Gazo (E-mail); Marshall McMaster; Steve Dallison; McLean, Douglas L.  
**Subject:** RE: CRFM Contracts

Chris, I would like to meet with you and Bill tomorrow if possible to discuss in detail the effect of the de-rate on Automodular. I believe Bill will be trying to set something up between the 3 of us. Please have the information regarding Automod's costs on the CRFM program so we can review. With so many changes

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happening on the program, some adding some subtracting, it's difficult to keep track of them all. If in the end we all agree the de-rate has had a financial impact on the CRFM program I will support taking it to the customer for resolution. I must know the facts if I end up doing this. Thanks

Doug, You are welcome to join us if you are available.

Greg Conley  
Delphi Thermal & Interior  
PTC Value Stream Extension Mgr  
Lockport NY, 14094  
(716) 439-3342

---

**From:** Vandermeer, William C  
**Sent:** Monday, September 18, 2006 3:41 PM  
**To:** 'Chris Dell'  
**Cc:** Macartney, Robert M; Conley, Greg R.; Evans, Ronald C; Jim Gazo (E-mail); Marshall McMaster (E-mail); Steve Dallison (E-mail)  
**Subject:** RE: CRFM Contracts

Chris:

I attended one EMAC meeting (I think this is what is now called CIP) in August 2005, I was not part of the detailed costs discussions, so I do not have that information. I do not know if your costs were justified. If they were then, that does not mean they would be viewed as that now with a cost increase. We need to work this out. I do not need to read several times how you must be clear. This wastes time. I am trying to help, but your all or none stand will just prolong any increased monies getting to your company.

As far as the foam pad being additional work, that is a matter of at what point in time you look at the CRFM assembly. Since the life of this program we have removed the heat shield for the fan motors, removed the two upper seals and one lower seal on all of the CRFMs, and are now in the process of removing the NVH Clip of the high volume CRFM for Plant 2. So, overall the high volume CRFM assemblies for Plant 1 & 2 have less content than when the program started. Because, of this you have been able to rebalance your lines. This was something I had been asking about since the EMAC meeting last year and again stated in October 2005, and again in November 2005. This was accomplished this year by Automodular, but unfortunately, we, Delphi, were not informed when this happened, and Automodular made the change without PPAP approval as should have been done. If this change had involved Delphi with the PPAP process we may have been made aware of the costs that are being incurred.

Bill Vandermeer

-----Original Message-----

**From:** Chris Dell [mailto:C.Dell@automodular.net]  
**Sent:** Thursday, September 14, 2006 8:26 AM  
**To:** Vandermeer, William C  
**Cc:** j.gazo@automodular.com; Chris Nutt; m.blair@automodular.com; McLean, Douglas L.; Marshall McMaster; Matt Futkos; Conley, Greg R.; Macartney, Robert M  
**Subject:** RE: CRFM Contracts

Bill,

I understand your timing requirements to have the foam pad installation in place. I must be clear that we need all outstanding adjustments resolved, exchange and derate, prior to acceptance of additional work, this is our policy. These issues have been outstanding for a couple of months. I understand that the foam installation has been done by GM through an outside service for close to a year now. I would recommend that you have an alternative source on standby unless these outstanding adjustments can be resolved in a timely manner.

I have attached a copy of the LTA agreement that was completed last year. Volumes

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12/27/2007

outlined in this agreement do not match your comments.

The costs of our contract were shared in great detail with Delphi last year as we participated in the CIP ("Creative Improvement Plan"). You were apart of this exercise and should have all the materials that were reviewed, if not I can forward them to you. I understand from the outcome of the CIP that our costs were justified.

I have reviewed the foam pad installation requirement with operations. We can absorb this into our current process, if we are able to get the foam pads in a roll with some sort of dispenser. If this can be accomplished at Delphi's expense there is no price increase, with the exception of GP12 if it is required. Please confirm.

I appreciate your assistance further in resolving these issues.

Thanks

Christopher Dell  
Business Development Manager  
Automodular Corporation  
(905) 665-0060 (x102)  
(905) 391-0077 (Cell)  
(905) 665-8560 (Fax)

-----Original Message-----

**From:** Vandermeer, William C [mailto:[William.C.Vandermeer@delphi.com](mailto:William.C.Vandermeer@delphi.com)]  
**Sent:** Wednesday, September 13, 2006 1:36 PM  
**To:** Chris Dell  
**Cc:** j.gazo@automodular.com; Chris Nutt; m.blair@automodular.com; McLean, Douglas L.; Marshall McMaster; Matt Fulkos; Conley, Greg R.; Macartney, Robert M  
**Subject:** RE: CRFM Contracts  
**Importance:** High

Chris:

I am only dealing with the Oshawa CRFMs right now, because we must get GM's requirement for placing a foam pad onto the condenser in place and PPAP'd by October 3rd, 2006.

First the word document attached please note that there are only 5 production CRFM models assembled at this time (plus service). The first four part numbers you have listed have been replaced by the second four numbers you have listed. Such as: 52415724 replaced 52406053; 52415725 replaced 52410855; 52415727 replaced 52406299; and 52415726 (which is listed as 52445588) replaced 52410854 (which is listed as 52445908). The ninth number listed I assume is a service number. Missing from the list is the fifth active production part number, that is Delphi p/n 52417036 CRFM-AUD-06. This is the Police Car CRFM assembled only for Car Plant 1.

I understand you want the Currency Exchange and the derate resolved before the foam pad is added. Because time is short for the foam pad implementation I suggest you decouple the Exchange Rate change from the derate request. Doug McLean can process the Exchange Rate for both the April 1st and July 1st right away based on current pricing and the volume that has been shipped. The derate can be calculated regardless of exchange rate, and this way Automodular gets that exchange rate money owed to them now. Also the increase for installing the foam pad will be payed as soon as we start installing the foam pads. At least this way you receive money on 2 out 3 of these points at hand as soon as you agree. So, please meet with Ron McLean on the Currency Exchange, and the Foam Pad A.S.A.P.

On the De-Rate request, I have been doing some research, and what I have in my files shows that the projected volume for the W-car program when the contracts were first signed as follows: Model Year 2003 = 685/day; Model Years 2004, 2005, & 2006 = 2367/day; Model Year 2007 = 1202/day; and Model Year 2008 = 537/day.

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So, from this the present volume is back down to what was forecasted for the program. In fact anything over this should have been a bonus for Automodular, unless you offered Delphi a discount because volumes were higher than anticipated. Also 2356/day volume seems to be running for a year longer than originally thought. I mention this because I believe Automodular will have to provide detailed information than what is on the attached Delphi spreadsheets, in order to have a good argument for justifying a price increase. The detailed breakdown of what makes up your labor cost, variable cost, and fixed cost will be required. We want our suppliers to be successful, but we need to understand why you might not be now.

Please, meet with Doug McLean as soon as possible.

Thank-you  
Bill Vandermeer  
Delphi Thermal Systems  
716-439-3151

-----Original Message-----

**From:** Chris Dell [mailto:[C.Dell@automodular.net](mailto:C.Dell@automodular.net)]  
**Sent:** Tuesday, September 12, 2006 9:08 AM  
**To:** Vandermeer, William C  
**Cc:** [j.gazo@automodular.com](mailto:j.gazo@automodular.com); Chris Nutt; [m.blair@automodular.com](mailto:m.blair@automodular.com); McLean, Douglas L.; Marshall McMaster; Matt Futkos  
**Subject:** CRFM Contracts

Bill,

As per our conversation yesterday, the attached files are in support of the exchange and derate adjustments for Oshawa CRFM contract and third shift removal for Lordstown CRFM contract.

As previously mentioned, we need to resolve these adjustments prior to accepting any further changes to our contracts. It should be noted that GM has recognized derate and third shift removal as scope changes.

Shortfalls in daily volumes and down weeks have already been consumed by our operation. Derate and third shift removal is considered a change to the scope of work and we require our contracts to be adjusted accordingly. These adjustments are required to sustain an economically viable operation. Our management will not operate a contract at a loss.

Another consideration is to transfer the variable contract into a fixed/variable contract. We have several of these contracts with GM and it would be advantageous for both parties to entertain this. I understand that Delphi's payment system could pose a problem in implementing such a contract.

I appreciate your help in resolving these issues. Let me know what further assistance you need from me.

Sincerely,

Christopher Dell  
Business Development Manager  
Automodular Corporation  
(905) 665-0060 (x102)  
(905) 391-0077 (Cell)  
(905) 665-8560 (Fax)

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12/27/2007

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## EXHIBIT C

Page 1 of 1

**McLean, Douglas L.**

**To:** Orriss, Joe  
**Subject:** FW: Oshawa Car CRFM Price adjustment  
**Importance:** High  
**Attachments:** 2007-07-01 Delphi CRFM Oshawa Exchange Adjustment.doc

Yesterday Bill Vandermeer suggested that I inform you that Automodular is and has been demanding pricing adjustment ( See Attachment ) on the CRFM for both Oshawa and Lordstown. He mention that you had some discussions with the GM buyer and that he may be able to help us. I have stated to them that we will not adjust the pricing but I am being told that next year the cuts may be more drastic. I you want to discuss give me a call.

---

**From:** Jessica Anthony [mailto:[J.Anthony@automodular.net](mailto:J.Anthony@automodular.net)]  
**Sent:** Monday, July 16, 2007 2:50 PM  
**To:** McLean, Douglas L.  
**Subject:** Oshawa Car CRFM Price adjustment  
**Importance:** High

Doug,

Further to my voicemail left earlier today, please review the attached submission.

Please let me know if you have any questions.

Thanks.

Jessica Anthony  
Contract Administrator - Business Development  
Automodular Corporation  
Tel: (905) 665-0060 x. 155  
Cell: (905)213-9718  
Fax: (905)665-8560

Redacted

DPH 00425  
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## EXHIBIT D

**McLean, Douglas L.**

**From:** Chris Dell [C.Dell@automodular.net]  
**Sent:** Thursday, October 05, 2006 6:45 PM  
**To:** McLean, Douglas L.  
**Cc:** Conley, Greg R.; Vandermeer, William C; m.blair@automodular.com; Chris Nutt; j.gazo@automodular.com; Marshall McMaster  
**Subject:** GMX211/231/365/367 CRFM Contract  
**Attachments:** 2006-10-05 GMX211+231+365+367 CRFM Contract.doc; GMX211+231+365+367 CRFM Price Adjustment Table (10-03-06).xls; GMX211+231+365+367 CRFM Purchased Parts (10-03-06).xls; 2006-10-01 GMX211+231+365+367 CRFM Cost Breakdown.xls

Doug,

Please see the attached files based on the outcome of the contract review discussions with Greg and Bill. I appreciate if you could respond accordingly.

Thanks

Chris

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## AUTOMODULAR CORPORATION

October 5, 2006

Doug McLean  
Senior Buyer  
Delphi Global Supply Management  
716-439-2480  
[douglas.l.mclean@delphi.com](mailto:douglas.l.mclean@delphi.com)

### RE: GMX211/231/365/367 CRFM Contract

Dear Doug:

Based on the outcome of the contract review with Greg and Bill, please accept the following:

1. \$81,364 is owed to Delphi from Automodular relating to the agreed upon adjustments from July 1, 2005 to September 30, 2006 as outlined in the attached excel file labeled "GMX211+231+365+367 CRFM Price Adjustment Table (10-03-06)". I would recommend this amount be charged against our account for the next payment period.
2. As of October 1, 2006 the pricing has been defined in the cost breakdown for each part as outlined in the attached excel file labeled "2006-10-01 GMX211+231+365+367 CRFM Cost Breakdown". Incorporated in the pricing are the adjustments as outlined in 1 and the exchange rate adjustment for October 1, 2006.
3. Pricing as of October 1, 2006 is based on an exchange rate of 1.0965
4. Pricing is based on 61.5 net JPH for Oshawa Car #1 and 55 net JPH for Oshawa Car #2. Daily volumes equate to 2,356 units per day. Any future change to net JPH will be considered a change in the scope of work and pricing will be adjusted accordingly.
5. Pricing is based on the purchased parts as defined in the attached excel file labeled "GMX211+231+365+367 CRFM Purchased Parts (10-03-06)". Any addition to, removal of or change to the cost of the purchased parts will result in revised pricing and will be adjusted accordingly.
6. Upon Delphi acceptance of the above and receipt of the purchase orders with the pricing defined in 2, Automodular will absorb the addition of the foam pad in our process at no additional cost provided that GP12 containment is not required, Delphi will provide the foam pads in a roll with a dispenser at Delphi's cost and Delphi will error proof the process at Delphi's cost.

Please confirm your acceptance and forward the revised purchase orders.

Regards,

Christopher Dell  
Business Development Manager  
Automodular Corporation  
905-665-0060 x102  
905-665-8560 Fax  
905-391-0077 Cell

CC: Greg Conley, Bill Vandermeer, Michael Blair, Jim Gazo, Christopher Nutt, Marshall McMaster

Page 1

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2/5/2008

Redacted

GMX211+231+365+387 OEM/Purchased Parts (10-03-08).xls

Redacted

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1/30/2008

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DELPHI AUTOMOTIVE SYSTEMS  
DELPHI GLOBAL PURCHASING  
PIECE PRICE BREAKDOWN WORKSHEET

Redacted

DPH 00486  
CONFIDENTIAL



## EXHIBIT E

**From:** Chris Dell [C.Dell@automodular.net]  
**Sent:** Monday, October 30, 2006 12:56 PM  
**To:** McLean, Douglas L.  
**Cc:** m.blair@automodular.com  
**Subject:** RE: GMX211/231/365/367 CRFM Contract

**Attachments:** Delphi GMX211+231+365+367 CRFM Pricing Dispute (November 1, 2006).doc  
Dear Doug,

Automodular agrees with the changes regarding foreign exchange. Automodular disagrees with any other changes proposed by Delphi without a comprehensive adjustment for the scope change arising from the de-rate, and particularly any adjustment for purchased components. Delphi cannot make unilateral changes to the contract with Automodular and should Delphi purport to do so, Automodular will take appropriate action. Automodular remains willing to negotiate in good faith with Delphi to reach an equitable adjustment. In this context, I am attaching a letter from our Chief Executive Officer. A copy will be mailed today.

Sincerely,

Christopher Dell  
Business Development Manager  
Automodular Corporation  
905-665-0060 x102  
905-665-8560 Fax

---

**From:** McLean, Douglas L. [mailto:Douglas.L.McLean@delphi.com]  
**Sent:** Mon 10/30/2006 11:52 AM  
**To:** McLean, Douglas L.; Chris Dell  
**Cc:** Conley, Greg R.; Vandermeer, William C; m.blair@automodular.com; Chris Nutt; j.gazo@automodular.com; Marshall McMaster; Carrie Hyde  
**Subject:** RE: GMX211/231/365/367 CRFM Contract

I forgot to add that the 10/1/06 pricing will be reduced by .Redacte This reflect the overcharge for grease that is still in the base price.

---

**From:** McLean, Douglas L.  
**Sent:** Monday, October 30, 2006 11:09 AM  
**To:** 'Chris Dell'  
**Cc:** Conley, Greg R.; Vandermeer, William C; m.blair@automodular.com; Chris Nutt; j.gazo@automodular.com; Marshall McMaster; 'Carrie Hyde'  
**Subject:** RE: GMX211/231/365/367 CRFM Contract

I will be correcting the purchase orders today to accommodate the currency fluctuation. I will also be adding the cost of the label and clip effective 10/1/06 the earlier cost will be subtracted from the amount that was overcharged for the grease. I will issue a debit memo for the overcharge of the grease based on the file that you sent me.

Total overcharge 186,046

Redacted

As far as the cost to install the foam pad we are still analyzing. You are requesting Redac per assemble and we have quotes from you that state as follows:

10/3/05 Redacted  
12/8/05 Redacted

---

**From:** Chris Dell [mailto:C.Dell@automodular.net]  
**Sent:** Thursday, October 05, 2006 6:45 PM  
**To:** McLean, Douglas L.  
**Cc:** Conley, Greg R.; Vandermeer, William C; m.blair@automodular.com; Chris Nutt; j.gazo@automodular.com; Marshall McMaster  
**Subject:** GMX211/231/365/367 CRFM Contract

## EXHIBIT F

REDACTED

---

**From:** Jessica Anthony [mailto:[J.Anthony@automodular.net](mailto:J.Anthony@automodular.net)]  
**Sent:** Monday, January 07, 2008 1:13 PM  
**To:** McLean, Douglas L.  
**Subject:** FW: Purchase Orders received 01-07-2008 - REJECTED

Doug,

Please amend the following purchase orders (attached) to reflect the pricing as submitted October 1<sup>st</sup>, 2007 (attached), at the specified effective dates.

550080295  
550078481  
550078480  
550078479  
550078478  
550078476

Automodular rejects these purchase orders as received. Please make the required changes and forward to my attention.

Should you have any questions please feel free to contact me.

Jessica Anthony  
Contract Administrator - Business Development  
Automodular Corporation  
Tel: (905) 665-0060 x. 155  
Cell: (905)213-9718  
Fax: (905)665-8560

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---

**From:** Jessica Anthony  
**Sent:** Tuesday, October 02, 2007 1:49 PM  
**To:** 'McLean, Douglas L.'  
**Cc:** Chris Dell; Chris Nutt; Michael Blair; Jim Gazo; Marshall McMaster

DPH 00352  
CONFIDENTIAL

1/7/2008

## EXHIBIT G



**AUTOMODULAR CORPORATION**

January 3<sup>rd</sup>, 2008

**Doug McLean**  
Senior Buyer  
Delphi Global Supply Management  
716-439-2480  
[douglas.l.mclean@delphi.com](mailto:douglas.l.mclean@delphi.com)

**RE: GMX211CRFM Exchange Adjustment**

Dear Doug:

Please find attached (Appendix A) the updated table outlining the part numbers along with the required pricing at the specific dates for each of the adjustments (updated to include the exchange adjustment for January 1, 2008).

Please make the required adjustments to our current purchase orders at the specific effective dates and forward to my attention.

Give me a call if you have any questions. Please fax a copy of the adjusted purchase orders to 905-665-8560 and/or e-mail a copy to [j.anthony@automodular.net](mailto:j.anthony@automodular.net)

Regards,

Jessica Anthony  
Business Development – Contract Administrator  
905-665-0060 x155  
905-213-9718 Cell

CC: Chris Dell, Michael Blair, Jim Gazo, Christopher Nutt, Marshall McMaster

DPH 00405  
CONFIDENTIAL

Redacted

Appendix A

- A) Oshawa Car Plant #2 derate 63.25 jph
- B) Exchange adjustment April 2006
- C) Oshawa Car Plant #2 derate 65 jph
- D) Exchange adjustment July 2006
- E) Oshawa Car Plant #1 derate 61.5 jph
- F) Exchange adjustment October 2006
- G) Label and Clip Addition-remove "W"
- H) Rebate for Grease application
- I) Foam pad install - Car plant #2
- J) Foam pad install - Car plant #1
- K) Exchange adjustment January 2007
- L) Oshawa Car Plant #2 derate 45.4 jph
- M) Correction adjustment per (G)
- N) Exchange adjustment April 2007
- O) Exchange adjustment July 2007
- P) Oshawa Car Plant #1 derate 59.5 jph
- Q) Exchange adjustment October 2007
- R) Exchange adjustment January 2008



## EXHIBIT H

---

**From:** Douglas.L.McLean@delphi.com  
**Sent:** Monday, February 04, 2008 9:30 AM  
**To:** Jessica Anthony  
**Cc:** Platt, Sarah J (CHI); Conley, Greg R.; Tanger, Matthew A  
**Subject:** 52415725 52415725 52415727  
**Attachments:** Oshawa currency exchange rate.xls

Please review the file and we can discuss. If we take the material cost in your breakdown for these parts <sup>IRedacted</sup> and add the grease overcharge <sup>Redac</sup> it equals the <sup>Redacted</sup>

We should use the number until 10/1/2007. This will cover the debit that already adjusted everything prior to 10/01/2007

On 10/1/07 for these parts I added ( Redacted but according to your breakdown these parts are not on your assembly.

On 10/1/07 the material for these is <sup>Redacted</sup>  
Once this is settled we can tackle the 52415724 52417036 and the 52445589.

<<Oshawa currency exchange rate.xls>>

Douglas L. McLean  
Delphi Thermal & Interior  
200 Upper Mountain Road  
Lockport N.Y. 14094  
Phone 716 439 2480  
Fax 716 439 2216  
E fax 1 866 958 1124  
E Mail douglas.l.mclean@delphi.com

\*\*\*\*\*

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\*\*\*\*\*

2/7/2008

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Redacted



## EXHIBIT I



## AUTOMODULAR CORPORATION

December 8, 2005

**Elizabeth Williams**  
Commodity Buyer  
Delphi Harrison Thermal and Interior  
200 Upper Mt Rd, Lockport, NY 14094  
716-439-2406  
716-439-3818 fax  
866-958-1126 eFAX  
[elizabeth.a.williams@delphi.com](mailto:elizabeth.a.williams@delphi.com)

**Elizabeth,**

We are pleased to provide you with the installation of dynamic absorber for all CRFM V6 models 52415725 CRFM-ATF-06, 52415727 CRFM-ATJ-06, 52445588 CRFM-ATH-06 and 52445589 CRFM-ATH-06. The cost is an increase of <sup>(Redacted)</sup> per CRFM.

The process would take 1 labor per shift total of 3 per day for the period of 3 to 6 months.

**Affected Purchase Orders:**

550078478, 550078479, 550078480 and 550078481 with respect to above series of CRFMs

**Effectively Date** : January 1, 2006

If you have any questions, or concerns, do not hesitate to call us.

Regards,

**Eriq Mallari**  
Business Planning Coordinator  
Desk: (905) 665-0060 (x139)  
Cell: (905) 391 0066  
Fax: (905) 665-8560

CC: Chris Nutt, Chris Dell, Jim Gazo, Michael Blair, Marshall McMaster

## EXHIBIT J

**DELPHI**

Delphi Thermal and Interior

Page 1 of 3

**Buyer:**

DELPHI AUTOMOTIVE SYSTEMS LLC  
DELPHI THERMAL & INTERIOR DIV  
1401 CROOKS ROAD  
TROY MI 48084  
UNITED STATES

**Requirements Contract**

PO Number  
550078476  
Version  
29-Nov-2006 09:52:39

Date Issued  
23-Aug-2005

**Deliver to:**

*Please deliver to:*  
*See Delivery Schedule*

AUTOMODULAR ASSEMBLIES INC  
940 THORTON RD S  
OSHAWA-ONTARIO ON L1J 7E2  
CANADA

Vendor No: 1010938  
DUNS No: 201768996

Payment settled on 2nd, 2nd Month

00010

52415724

J201 DELPHI T & I LOCKPORT

CRM-M-ATK-06

CANADIAN EXCHANGE RATE ADJUSTMENT

Valid From	Valid To	Currency	Price	Price Unit	UOM
23-Aug-2005	30-Sep-2005	USD			PC
01-Oct-2005	31-Dec-2005	USD			PC
01-Jan-2006	30-Jun-2006	USD			PC
01-Jul-2006	30-Sep-2006	USD	Redacted		PC
01-Oct-2006	31-Dec-2007	USD			PC

This Requirement Contract is for 100% unless otherwise

1/10/2006: Contract extended per Doug McLean from 1/01/2007 to 12/31/2007. also, price adjustments made eff. 7/01/06 & 10/01/06.

Purchasing Contact: McLean, D. L.

Contact Address:

Phone: 716-439-2480

Fax: 716-439-2216

Date and Time Printed: 29-Nov-2006 09:52:39

DPH 00426  
CONFIDENTIAL

Redacted

7-1-06 10-1-06  
6-30-06 12-31-06  
4,942.4 5,113.1 5,199.6 + lesser dep = + 0639 = 5,263.5  
Als const current on the attached RTA -  
10/2008  
10-30-06  
10-1-06 5,017.2  
12-31-~~06~~ 5,183.93 /  
EC1P06017235 1-1-06 - 12-31-07  
EC1P06017210-1-06 - 9-30-07  
37  
1824 5,199.6  
5,316.2 5,017.2  
5,017.2  
1824  
550,000  
100,380  
06 250.80  
07 752.40

DELPHI PURCHASING LOCK Fax +1-716-439-2550

Feb 5 2008 05:51am PNTM2/112

10-30-06

Office file

+044444

4,9242  
5,1131  
5,1994-7-06  
5,2235-3463-50122  
6-30-06  
7-1-06  
10-1-06  
12-31-06  
10-1-06  
10-30-06

Redacted

DPH 00428  
CONFIDENTIAL

DELPHI PURCHASING LOCK Fax +1-716-439-2550 Feb 5 2008 05:54pm P004/012

**DELPHI**

Delphi Thermal and Interior

Page 1 of 3

**Buyer:**

DELPHI AUTOMOTIVE SYSTEMS LLC  
DELPHI THERMAL & INTERIOR DIV  
1401 CROOKS ROAD  
TROY MI 48084  
UNITED STATES

PO Number  
550078478

Date Issued  
23-Aug-2005

Version

10-Nov-2006 13:38:20

**Deliver to:**

**Please deliver to:**

*See Delivery Schedule*

AUTOMODULAR ASSEMBLIES INC  
940 THORTON RD S  
OSHAWA-ONTARIO ON L1J 7E2  
CANADA

Vendor No: 1010938  
DUNS No: 201768996

Payment settled on 2nd, 2nd Month

\*\*\* Condition record changed  
\*\*\* Text changed

Requirement Record Type: 1 - Standard Requirement

00010	52415725	J201 DELPHI T & I LOCKPORT			
CRM-ATT-06					
Valid From	Valid To	Currency	Price	Price Unit	UOM
23-Aug-2005	30-Sep-2005	USD			PC
01-Oct-2005	31-Dec-2005	USD			PC
01-Jan-2006	30-Jun-2006	USD			PC
01-Jul-2006	30-Sep-2006	USD			PC
01-oct-2006	31-Dec-2007	USD	Redacted		PC

This Requirement Contract is for 100% unless otherwise specified.

\*\*\* Condition record added

\*\*\* Condition record changed

\*\*\* Net price changed

Purchasing Contact: McLean, D. L. *DLM*  
Phone: 716-439-2480  
Fax: 716-439-2216

Contact Address:

Date and Time Printed: 10-Nov-2006 13:38:20

DPH 00429  
CONFIDENTIAL

DELPHI PURCHASING LOCK Fax +1-716-439-2550 Feb 5 2008 05:54pm P004/012

**DELPHI**

Delphi Thermal and Interior  
Page 1 of 3

**Buyer:**

DELPHI AUTOMOTIVE SYSTEMS LLC  
DELPHI THERMAL & INTERIOR DIV  
1401 CROOKS ROAD  
TROY MI 48084  
UNITED STATES

PO Number  
550078478  
Version

Date Issued  
23-Aug-2005

10-Nov-2006 13:38:20

**Deliver to:**

**Please deliver to:**

*See Delivery Schedule*

AUTOMODULAR ASSEMBLIES INC  
940 THORTON RD S  
OSHAWA-ONTARIO ON L1J 7E2  
CANADA

Vendor No: 1010938  
DUNS No: 201768996

Payment settled on 2nd, 2nd Month

\*\*\* Condition record changed  
\*\*\* Text changed

00010 52415725 J201 DELPHI T & I LOCKPORT  
CRFM-ATT-06

Valid From	Valid To	Currency	Price	Price Unit	UOM
23-Aug-2005	30-Sep-2005	USD			PC
01-Oct-2005	31-Dec-2005	USD			PC
01-Jan-2006	30-Jun-2006	USD			PC
01-Jul-2006	30-Sep-2006	USD	Redacted		PC
01-Oct-2006	31-Dec-2007	USD			PC

This Requirement Contract is for 100% unless otherwise specified.

\*\*\* Condition record added

\*\*\* Condition record changed

\*\*\* Net price changed

Purchasing Contact: McLean, D. L. *DM*  
Phone: 716-439-2480  
Fax: 716-439-2216

Contact Address:

Date and Time Printed: 10-Nov-2006 13:38:20

DPH 00429  
CONFIDENTIAL

DELPHI PURCHASING LOCK Fax +1-716-439-2550

Feb 5 2008 05:54pm P005/012

10-1-06  
02-06

7-1-06  
10-1-06  
12-31-06

9-30-06

5,199.62 .0639 · 5.2635 = 2463 .50

5,1131

Lockdown  
10-30-06

Redacted

6-30-06

4,9424

DPH 00430  
CONFIDENTIAL

**DELPHI**

Delphi Thermal and Interior

Page 1 of 3

Buyer:

DELPHI AUTOMOTIVE SYSTEMS LLC  
DELPHI THERMAL & INTERIOR DIV  
1401 CROOKS ROAD  
TROY MI 48084  
UNITED STATES

PO Number

Date Issued  
23-Aug-2005

Version

10-Nov-2006 13:42:49

Deliver to:

Please deliver to:

See Delivery Schedule

AUTOMODULAR ASSEMBLIES INC  
940 THORTON RD S  
OSHAWA-ONTARIO N1J 7E2  
CANADA

Vendor No: 1010938  
DUNS No: 201768996

Payment settled on 2nd, 2nd Month

\*\*\* Condition record changed

\*\*\* Text changed

00010 52415727

J201 DELPHI T & I LOCKPORT

CRFM-ATJ-06

Valid From	Valid To	Currency	Price	Price Unit	UOM
23-Aug-2005	30-Sep-2005	USD			PC
01-Oct-2005	31-Dec-2005	USD			PC
01-Jan-2006	30-Jun-2006	USD			PC
01-Jul-2006	30-Sep-2006	USD			PC
01-Oct-2006	31-Dec-2007	USD	Redacted		PC

This Requirement Contract is for 100% unless otherwise specified.

\*\*\* Condition record added

\*\*\* Condition record changed

\*\*\* Net price changed

Purchasing Contact: McLean, D. L. *DRM*

Phone: 716-439-2480

Fax: 716-439-2216

Contact Address:

Date and Time Printed: 10-Nov-2006 13:42:49

DPH 00431  
CONFIDENTIAL

DELPHI PURCHASING LOCK Fax +1-718-439-2550 Feb 5 2008 05:55pm P007/012

Please correct currency adjustment on the  
attached ad HTA

Redacted

1-1-06	4-1-06	7-1-06	10-1-06
3-31-06	6-30-06	9-30-06	12-31-06
5,0134	5,2063	5,2946 + .6627 = 5,3572 - 2463	
<del>5,2063</del>			
	10-1-06		
	12-31-06		
		5,111	

DPM/ew  
10-30-06

DPH 00432  
CONFIDENTIAL

DELPHI PURCHASING LOCK Fax +1-716-439-2550

Feb 5 2008 05:55pm P008/012

**DELPHI**

Delphi Thermal and Interior

Page 1 of 3

**Buyer:**

DELPHI AUTOMOTIVE SYSTEMS LLC  
DELPHI THERMAL & INTERIOR DIV  
1401 CROOKS ROAD  
TROY MI 48084  
UNITED STATES

PO Number  
550080295  
Version  
10-Nov-2006 14:49:09

Date Issued  
15-Oct-2005

**Deliver to:**

*Please deliver to:  
See Delivery Schedule*

AUTOMODULAR ASSEMBLIES INC  
940 THORTON RD S  
OSHAWA-ONTARIO N1J 7E2  
CANADA

Vendor No: 1010938  
DUNS No: 201768996

Payment settled on 2nd, 2nd Month

\*\*\* Condition record changed

\*\*\* Text changed

00010 52417036

J201 DELPHI T & I LOCKPORT

Valid From	Valid To	Currency	Price	Price Unit	UOM
24-Oct-2005	09-Jan-2006	USD			PC
10-Jan-2006	31-Mar-2006	USD			PC
01-Apr-2006	30-Jun-2006	USD			PC
01-Jul-2006	30-Sep-2006	USD			PC
01-Oct-2006	31-Dec-2010	USD	Redacted		PC

This Requirement Contract is for 100% unless otherwise specified.

\*\*\* Condition record added

\*\*\* Condition record changed

\*\*\* Net price changed

Purchasing Contact: McLean, D. L. *DLM*  
Phone: 716-439-2480  
Fax: 716-439-2216

Contact Address:

Date and Time Printed: 10-Nov-2006 14:49:09

DPH 00433  
CONFIDENTIAL

Redacted

~~4-30-06~~ 7-1-06 10-1-06  
~~6-30-06~~ 9-30-06 12-31-06  
4,942 5,1131 5,1996 + ~~.0639~~ = ~~526355 - 02463.~~  
10-1-06 12-31-06  
Off M. han clips & labels  
10-30-06



Delphi Thermal and Interior

Page 1 of 3

Buyer:

DELPHI AUTOMOTIVE SYSTEMS LLC  
DELPHI THERMAL & INTERIOR DIV  
1401 CROOKS ROAD  
TROY MI 48084  
UNITED STATES

PO Number  
550078480  
Version  
10-Nov-2006 13:47:17

Date Issued  
23-Aug-2005

Deliver to:

Please deliver to:  
See Delivery Schedule

AUTOMODULAR ASSEMBLIES INC  
940 THORTON RD S  
OSHAWA-ONTARIO N1J 7E2  
CANADA

Vendor No: 1010938  
DUNS No: 201768996

Payment settled on 2nd, 2nd Month

\*\*\* Condition record changed  
\*\*\* Text changed

00010 52445588  
CRFM-ATH-06

J201 DELPHI T & I LOCKPORT

Valid From	Valid To	Currency	Price	Price Unit	UOM
23-Aug-2005	30-Sep-2005	USD			PC
01-Oct-2005	31-Dec-2005	USD			PC
01-Jan-2006	30-Jun-2006	USD			PC
01-Jul-2006	30-Sep-2006	USD	Redacted		PC
01-Oct-2006	31-Dec-2007	USD			PC

This Requirement Contract is for 100% unless otherwise specified.

\*\*\* Condition record added  
\*\*\* Condition record changed  
\*\*\* Net price changed

Purchasing Contact: McLean, D. L. *DLM*  
Phone: 716-439-2480  
Fax: 716-439-2216

Contact Address:

Date and Time Printed: 10-Nov-2006 13:47:17

DPH 00435  
CONFIDENTIAL

DELPHI PURCHASING LOCk Fax +1-716-439-2550 Feb 5 2008 05:55pm P011/012

Please correct currency adjustment.

Redacted

1FT-06  
3-31-06

4-1-06  
6-30-06

7-1-06  
9-30-06  
12-31-06

3-31-06

40,596.8

40,540.2

41,129

41,398.7 + .0622 = 41,4614-.244

Dale L. Dif

10-1-06  
12-31-06

41,215.1

Dale L. Dif  
10-30-06

DPH 00436  
CONFIDENTIAL

DELPHI PURCHASING LOCK Fax +1-716-439-2550

Feb 5 2008 05:56pm P012/012

**DELPHI**

Delphi Thermal and Interior

Page 1 of 3

**Buyer:**

DELPHI AUTOMOTIVE SYSTEMS LLC  
DELPHI THERMAL & INTERIOR DIV  
1401 CROOKS ROAD  
TROY MI 48084  
UNITED STATES

PO Number  
550078481  
Version  
10-Nov-2006 14:01:02

Date Issued  
23-Aug-2005

**Deliver to:**

*Please deliver to:  
See Delivery Schedule*

AUTOMODULAR ASSEMBLIES INC  
940 THORTON RD S  
OSHAWA-ONTARIO N1J 7E2  
CANADA

Vendor No: 1010938  
DUNS No: 201768996

Payment settled on 2nd, 2nd Month

\*\*\* Condition record changed

\*\*\* Text changed

00010

52445589

CRM-ATH-06

J201 DELPHI T & I LOCKPORT

Valid From	Valid To	Currency	Price	Price Unit	UOM
23-Aug-2005	30-Sep-2005	USD			PC
01-Oct-2005	31-Dec-2005	USD			PC
01-Jan-2006	31-Mar-2006	USD			PC
01-Apr-2006	30-Jun-2006	USD			PC
01-Jul-2006	30-Sep-2006	USD			PC
01-Oct-2006	31-Dec-2007	USD	Redacted		PC

This Requirement Contract is for 100% unless otherwise specified.

\*\*\* Condition record added

\*\*\* Condition record changed

\*\*\* Net price changed

Purchasing Contact: McLean, D. L. *DM*  
Phone: 716-439-2480  
Fax: 716-439-2216

Contact Address:

Date and Time Printed: 10-Nov-2006 14:01:02

DPH 00437  
CONFIDENTIAL

## EXHIBIT K

**From:** Chris Dell [C.Dell@automodular.net]  
**Sent:** Monday, October 30, 2006 12:56 PM  
**To:** McLean, Douglas L.  
**Cc:** m.blair@automodular.com  
**Subject:** RE: GMX211/231/365/367 CRFM Contract

**Attachments:** Delphi GMX211+231+365+367 CRFM Pricing Dispute (November 1, 2006).doc

Dear Doug,

Automodular agrees with the changes regarding foreign exchange. Automodular disagrees with any other changes proposed by Delphi without a comprehensive adjustment for the scope change arising from the de-rate, and particularly any adjustment for purchased components. Delphi cannot make unilateral changes to the contract with Automodular and should Delphi purport to do so, Automodular will take appropriate action. Automodular remains willing to negotiate in good faith with Delphi to reach an equitable adjustment. In this context, I am attaching a letter from our Chief Executive Officer. A copy will be mailed today.

Sincerely,

Christopher Dell  
Business Development Manager  
Automodular Corporation  
905-665-0060 x102  
905-665-8560 Fax

---

**From:** McLean, Douglas L. [mailto:Douglas.L.McLean@delphi.com]  
**Sent:** Mon 10/30/2006 11:52 AM  
**To:** McLean, Douglas L.; Chris Dell  
**Cc:** Conley, Greg R.; Vandermeer, William C; m.blair@automodular.com; Chris Nutt; j.gazo@automodular.com; Marshall McMaster; Carrie Hyde  
**Subject:** RE: GMX211/231/365/367 CRFM Contract

I forgot to add that the 10/1/06 pricing will be reduced by . Redact This reflect the overcharge for grease that is still in the base price.

---

**From:** McLean, Douglas L.  
**Sent:** Monday, October 30, 2006 11:09 AM  
**To:** 'Chris Dell'  
**Cc:** Conley, Greg R.; Vandermeer, William C; m.blair@automodular.com; Chris Nutt; j.gazo@automodular.com; Marshall McMaster; 'Carrie Hyde'  
**Subject:** RE: GMX211/231/365/367 CRFM Contract

I will be correcting the purchase orders today to accommodate the currency fluctuation. I will also be adding the cost of the label and clip effective 10/1/06 the earlier cost will be subtracted from the amount that was overcharged for the grease. I will issue a debit memo for the overcharge of the grease based on the file that you sent me.

Total overcharge 186,046

Redacted

As far as the cost to install the foam pad we are still analyzing. You are requesting Redact per assemble and we have quotes from you that state as follows:

10/3/05 Redacted  
12/8/05 Redacted

---

**From:** Chris Dell [mailto:C.Dell@automodular.net]  
**Sent:** Thursday, October 05, 2006 6:45 PM  
**To:** McLean, Douglas L.  
**Cc:** Conley, Greg R.; Vandermeer, William C; m.blair@automodular.com; Chris Nutt; j.gazo@automodular.com; Marshall McMaster  
**Subject:** GMX211/231/365/367 CRFM Contract